

The MANAGEMENT REVIEW

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The MANAGEMENT REVIEW

SEPTEMBER, 1934

Office Management Policies in the Light of the New Deal*

By G. L. HARRIS, *Manager of Office Systems*
Westinghouse Electric & Manufacturing Company

THE men and women who have the responsibility of handling the work of our offices today find a more complicated problem than at any time in the last ten years. During the period of expanding business it was comparatively easy to secure authority to add new employees to our rolls, and to handle additional duties with additional personnel. Then during the period of declining business it was similarly easy to cut the force and to eliminate all but absolutely essential work.

Now, however, the solution of our problem is not so simple. All of us sincerely want to aid the return of prosperity. All of us know that the one sure way to aid is by seeing that more people are working. Yet all of us have a very definite responsibility to the organizations of which we are a part. Every person whom we add to our payrolls now must definitely be needed, and must contribute to our earnings by his efforts. Every person whom we now have on our payrolls is entitled to our consideration as business improves. If he stayed with us through the depression he suffered reductions in pay and now that there is a chance for him to earn more money for us he should likewise be given a chance to earn more for himself.

During the past year our operating expenses have increased. It is no exaggeration or misstatement to say that the NRA has cost us money. Nor is this in any way to be construed as a condemnation or even as a criticism of the NRA. In our company, for example, we have religiously complied with every provision of the blue eagle, as to hours of work, rates of pay, and working conditions. And we have certainly not set up as our policy the deter-

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mination to get back what we have spent at the earliest possible moment. But we must work in the most efficient possible manner, and we must get results for the money we spend, if we are to continue in business.

Bearing in mind these divergent factors of the problem, namely, our sincere desire to aid in the return of prosperity, to give our employee a square deal, to hire more people whenever we can honestly afford to do so, and at the same time to earn money for our stockholders, we have determined upon the policies as to office management which I shall discuss briefly.

Clerical Incentives

We have a number of incentive plans in operation in such clerical activities as stenographic work, order handling, billing, blue print production, filing, key punch operating and production of manufacturing information. Some of these plans are based on previous group accomplishment. Others are based on time study standards.

Our experience has convinced us that wherever possible the time study standards should be the units of measurement and we are striving to improve our methods of setting such standards. We feel that clerical incentive plans based on such studies will inevitably occupy as dominant a place in office practice as similar time study plans have come to occupy in factory operation. We believe that within the next ten years we shall be measuring work which today seems impossible of measurement.

We do not mean, by these plans, to drive our employees. We mean to secure a fair day's work in every case and to share with those employees who help us to save money by doing an outstanding job for us. To do this we must, of course, know just what an outstanding job is.

I shall not attempt to go into the details of our efforts in this line. It is a long story, and in many cases our plans are frankly experimental. We try to be absolutely honest with every employee concerned in the trial of such plans, and I can definitely say that we have a spirit of friendliness, willingness, and confidence wherever these plans are in operation today.

Savings Through Centralization

The second office management policy which our experience has confirmed as worthy of perpetuation may be roughly termed a policy of centralization. I can best explain this term by listing illustrations of activities which we have found it profitable to centralize.

We feel that wherever a number of clerical workers are doing similar work it is advisable to have them work in a central group. For example, we have a central group handling all of our distribution of literature by mail, another doing the general duplicating work of our entire East Pittsburgh works and offices, another issuing all manufacturing information. There are

also central stenographic groups in all of our works and offices. We have a central payroll unit for all of our East Pittsburgh works.

Where possible we centralize files and put them in charge of trained file clerks, definitely discouraging the practice of having individual files for each man, or of allowing individuals to keep papers in their desks, if the papers may be referred to by more than one person. We have a central accounting file at East Pittsburgh and a similar file, with the same subject arrangement so far as possible, at each of our other works.

Such centralization and trained operation of files has saved us thousands of dollars in the purchase of filing equipment and supplies.

We have centralized control of the purchase and interchange of all types of office equipment. No machine is purchased for any office until we first see if there is an available machine in some other office. I do not mean that that takes a long time. We have the record available of all surplus equipment anywhere in the United States, that can be transferred to any other office, of our subsidiary companies.

Likewise, all machines and supplies are purchased on contracts made by our General Purchasing Agent at East Pittsburgh. Items which are bought under such contracts include carbon paper, typewriter and other machine ribbons, dictating machines and supplies for them, duplicating machines and supplies, mechanical pencils, mimeograph paper, envelopes, letterheads, and business cards.

Not one of these contracts is arbitrarily forced on our local works, offices and subsidiary companies. In every case they have the right to buy locally, if they can buy as well or better than on the central contract. In practically every case they use the central contract and issue their purchase orders directly to the supplier.

We feel that the spirit of unity we have effected through such centralization, and through the centralization of our local contacts in the hands of one or two persons in each location is something to be cultivated and intensified. We know that it is saving us really large sums of money.

I should like to discuss in more detail this matter of developing harmonious cooperation with a central authority, but as in the case of incentive plans, this also is a long story. We are convinced that it is a phase of office operation that cannot be over-emphasized and we propose to maintain and strengthen our position in this respect.

Machine Applications

In discussing the third policy we have adopted, namely, our attitude toward office machines, I should like to say at the start that we prefer to secure economy by savings such as those just mentioned. But we are doing business on a strictly competitive basis, and our only salvation as an organization lies in manufacturing and marketing our products at a profit. In short, the great-

est good to the greatest number of our employees makes it imperative that we operate our offices economically. We, therefore, this year are spending as much, if not more time, thought and money on office machines than ever before. This applies not only to new machine development, but to bringing our present equipment into the best possible condition, and to a constant program of replacing worn-out or obsolete equipment.

I do not mean that we are going into a program of wholesale replacement of machines. Instead, we have, with the cooperation of the machine companies, endeavored to secure a complete picture of the condition of our equipment throughout the country. We have been following this course, and propose to continue to do so, with the local office managers, and where we agree that machines should be replaced we map out a plan for doing so as rapidly as we feel we can afford it.

We maintain a perpetually open door to the representatives of machine companies. If they come to us with new products or with worthwhile ideas for new uses for their present products, we see that they have direct access to the department or individual most likely to be interested. We have already purchased a number of machines for new applications, and are conducting investigations which are definitely leading us to other purchases.

We sent representatives to the business shows last year, and we plan to do so again this year. We want to know about new machines and new features of present machines, and our policy is that we shall spend whatever money is necessary to secure and disseminate this knowledge.

Interdepartmental Charges

In common with many other companies we have found that the self analysis forced on us by the depression showed us that we were doing many things that did not really matter. One of the outstanding ones is of interest here, and I can illustrate it best by a concrete example.

At East Pittsburgh we use approximately fifteen hundred dictating machines. Servicing these machines, shaving and delivering cylinders, and supplying repair parts is handled by a central group. We were clearing the expenses of this group and of our supplies, by charging each machine fifty cents a month. Repair parts were charged separately.

Now, just consider what that meant. Each month hundreds of fifty-cent charges were listed and sent to the accounting department. These hundreds of charges were then posted to the budgets of the departments affected. And when it was all done the company was no better off, the service was no better, than if we had done none of this shadow boxing.

We found—and are still finding—many other cases of accounting which do nothing but transfer theoretical money from one pocket to another. We are stopping it as rapidly as possible. We have set as our policy the determination to quit making inter-departmental charges which do not definitely

have a purpose in controlling expense. We spend considerable time and effort, for example, in charging for the work done by our central stenographic departments, but we are seriously considering the possibility of eliminating these charges also.

Investigation of this matter is to be recommended for any large organization. I know of one company where a separate accounting entry and budget charge is made for each telephone. What good does it do? We have to have the telephones, no matter what we charge for them. How much better it is to keep the entire telephone expense in one account where we can see it, and then put the responsibility for controlling it in the hands of one man who knows the telephone business.

In short, when we charge any one in our company for something our policy is that there must be something more to be gained than practice in bookkeeping.

Abolition of Sinecures

I mentioned previously that our policy is to expect a fair day's work from each employee. We have agreed that we definitely mean each employee—that there are to be no exceptions. We are doing away with jobs which permit the employees holding them to read papers, sew, or gossip on the company's time. Nor has this policy been resented by the employees themselves. We have found that in practically every case the employee would prefer to have every minute occupied with profitable work, and that the spirit of our clerical and secretarial workers as a whole is better if they feel that there are no sinecures held by some few favored individuals. We have learned, for example, that it does not aid the morale of our people to have a central stenographic force working on an assigned task under an incentive plan if others sit idly in private offices, merely to maintain the dignity of those offices. True dignity is achieved by doing an honest day's work, and not by creating atmosphere. And more important than this, profits are possible only when all of us are gainfully employed.

Strict Supervision of Reports

Every report made must definitely be used and used advantageously in the interests of the company. When we first undertook an analysis of existing reports we were amazed at their number and at the utter lack of value of some of them.

What we found reminds me of a recent investigation in Washington. Some one noticed that every day at noon a flag was raised on a pole on top of one of the government buildings, evidently as a signal to some one. The raising of this flag at exactly noon was started during the Civil War, and the purpose was to give ships in the Potomac the correct time. Long after radio signals had made the flag signal unnecessary, it was still being given. Further

inquiry showed that not one ship captain knew the flag was being raised for his benefit.

Many of our reports were just as unnecessary. We found detailed figures of unimportant matters being kept because once upon a time an officer had asked for the information they presented.

I know of no more fruitful means of securing economy than by tracking down unnecessary reports. And our company has decided, now that we have gotten rid of many of them, no new report is to be started without very good reason. Further, we are going to review all reports periodically—at least once each year—and make every report against prove its right to existence.

Outside Services

There is one other policy we have determined upon in the management of our offices that I want particularly to stress. Our reason for adopting this policy, namely of doing for ourselves everything we can do as well and as cheaply as an outside agency can do it for us, is illustrated in the answer of a sales manager of an office printing machine in New York. He was asked why we should buy such a device when there are hundreds of people in the city furnishing such printing service. His reply was—"Why do you shave yourself, when there are thousands of barbers in the city?"

We have found that we can service the office machines and appliances as well and much more cheaply than the outside agency. The manufacturers of these machines seldom agree that our service is satisfactory, but we are very frank in telling them what we propose to do, and we have yet to find one who refused to cooperate with us in getting the service started.

We do our own printing—both of forms and of literature. During the past few months we have installed offset printing equipment in those centers where we have a considerable volume of printing. The economies possible—even in comparison with our own printing plant—have been so remarkable that we are printing all runs of 5,000 forms or less in New York, and in outlying offices with smaller overhead we are printing up to 10,000 forms locally, on this new equipment. We also produce on this equipment typed matter, line drawings, half tones, advertising and sales promotion folders, and we do it more cheaply and better than we would have imagined possible even six months ago.

In 1933 we produced our own desk calendar pads at a total cost of 40 cents each, with refills for 24 cents. They are very attractive pads and the price compares with an average of 75 cents when we bought them outside. We use over 5,000 such pads a year, and the saving resulting is worthwhile.

We make our own library paste for less than 15 cents a quart. We produce our own cross section paper. We make our own order folders of cheap manila stock. We use many thousands of them each year and no outside sup-

plier can compete with our prices. We designed and installed our own feeding device for continuous roll forms used in writing receiving tickets.

We make our own investigations. When we decided it was time we looked into the mechanical pencil business we took no one's word for the savings to be secured, but conducted the test ourselves. When we were convinced that we should use such pencils we brought all of our local representatives into the study to determine the pencil to buy. As a result we wrote our own specifications for a mechanical pencil and when we put it into service the change from the wood pencil was hardly commented on because the new pencils fitted our needs.

We have done—and propose to continue to do—for ourselves everything we can do better and more cheaply. We do not mean to compete with printers, supplies manufacturers, or service agencies. We are simply determined that our company is not going to waste money. Nor are we alone in this determination. One of our principal products is electric motors. In trying to sell our motors to a certain manufacturer of office appliances we learned that he was making his own. He was willing to give us the business, but we had a terrific handicap to overcome in meeting his costs. He had the room in his factory, he had the power. His expenses were labor and material, and he could do the job more cheaply than we could. We on our part feel that we can service his machines which we are using more cheaply than his service department can do it for us.

In short, our policy is to know what we are using, where we get it, what we pay for it. Also to know the latest possible developments in office machines and in machines that produce things used in the office. We believe that this is definitely the age of the home use of the safety razor.

In concluding this discussion may I repeat that we sincerely desire to aid in the return of prosperity, and that we believe this return can be hastened most by the prosperity of our company and of the thousands of other manufacturing organizations. To achieve this prosperity we must operate economically and efficiently, and the policies I have outlined are in our best judgment the ones that will secure these results.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Economic Depression and Its Causes

"Among changes in economic equilibrium, those brought about periodically by a sudden fall in the price level hold a place apart, on account of their extent and of their importance. Because of the gravity of these changes, which are often accompanied by a breach of equilibrium and the disorganization of the productive process, they have been given the significant name of economic crises."

Pointing out that this fall in prices must be followed immediately by a lowering of the costs of production if the normal progress of economic activity is to be retained, the author considers five methods by which this reduction can be accomplished: 1. Improved organization of production and distribution; 2. Reduction of rates of interest on borrowed capital; 3. Reduction of the prices of raw materials; 4. Reduction of wages; and 5. Restriction of production as a possible method of raising prices and increasing profits. After examining these methods and their effects on the economic system, the author concludes that the protracted length and progressive aggravation of the depression are due to the restriction of production by producers and the rigidity of wages. Of these two factors, the rigidity of wages is the primary and principal one. By Mentor Bouniatian. *International Labour Review*, July, 1934, p. 1:22.

Problems of Health Conservation

Proceedings of the Twelfth Annual Conference of the Advisory Council of the Milbank Memorial Fund held on March 14 and

15, 1934, at the New York Academy of Medicine. *Milbank Memorial Fund*, 1934. 103 pages.

The World Wheat Position

A chart disclosing the dominant factors for forty years of the production, carry-over, consumption and developments affecting prices from 1893 to 1934. *Commodity Economics Series*, Economic Associates, New York, 1934.

The Effect of Regulation on Industry

Are the abuses in industry, sought to be corrected by the restrictive regulatory undertakings initiated in recent months, of so serious a character as to warrant these regulations being placed upon industry at this time, even though they slow up and possibly prevent full recovery? The author, president, The Baldwin Locomotive Works, "does not believe the answer lies in further governmental penetration into private enterprise, but rather, in the withdrawal of government from undue regulation of and interference with business, and in the freeing and stimulating of the impulses of the individual to participate again in private enterprise in search of a profit through the free and untrammelled production of the goods and services needed by the country." By George H. Houston. *Industry*, August 4, 1934, p. 1:4.

Unemployment—Government Job

Any proposal to end unemployment must begin with the premise that the problem is a permanent one and not merely an incident of the depression. There are many

unemployed even in good times and there will continue to be periods when the figure increases somewhat above normal. In this article the president, Jones and Lamson Machine Company, outlines a three-part program for a job for every man at any time, whether for thousands or for millions. By Ralph E. Flanders. *Nation's Business*, August, 1934, p. 15:6.

Relief Is Ruining My Town

The author, Professor of Political Economy at Yale University, after an absence of twenty years, returns to his home town, which is situated in the heart of one of the richest agricultural plains in the Middle West, and compares the standards of living there today. The amount of dependence upon the state for a living and for security against old age, unemployment, sickness and other ills of life is growing at a terrific pace. In his opinion, it is this sort of situation that promotes the trend to State Socialism and Communism. The best way to quench this drift is to make it as easy as possible for the people to save, easy for them to re-acquire a savings fund and property in land, buildings and securities upon which they may rely for security against the contingencies of life. Doles may ameliorate wants and quiet agitation, but they foster rather than cure the basic

disease. The true means is to help the people acquire for themselves some property. By Ray Bert Westerfield. *Nation's Business*, August, 1934, p. 19:3.

The Social Science Research Council

The Council's decennial report (1923-1933), which records its decade of history, personnel, committees, research fellows, financial report, by-laws and membership list. *The Social Science Research Council*, New York, 1934. 132 pages.

Avoiding Conference Pitfalls Through Planned Discussions and Panels

What is a planned discussion? Is it more valuable than extemporaneous discussion? How should it be planned and why? These questions, but a few of the many confronting program committees which must be decided beforehand if a meeting is to achieve its purpose, are answered in this symposium of opinion. By Sydney J. Clarke. *World Convention Dates*, August, 1934, p. 19:3.

The World Trend Toward Nationalism

Proceedings of the thirty-eighth annual meeting of the Academy of Political and Social Science, with additional papers presented before the Academy of World Economics. *The Annals*, July, 1934. 222 pages.

FINANCIAL MANAGEMENT

The Commodity Dollar

This discussion concludes that the fault of the commodity dollar plan is its failure to diagnose the real causes of business recessions. It does not provide, says Professor Reed, a means of indicating whether the various cogs of business are well geared, but proceeds on the assumption that only the symptom of falling or rising prices requires correction.

"There are, however, special reasons for viewing with alarm the development of

the demand for the commodity dollar which must be emphasized. The first is that the commodity dollar has led to the adoption of unsound inflationary measures by the present administration. The second is that we are no longer provided with the means of checking an inflationary advance that ought to be available to the administrative authorities of every central banking system.

"The administration has probably accepted the doctrine that the commodity dollar represents an ideal currency system, and that only superstition and reactionary

thinking have prevented us long since from adopting a dollar whose weight in gold would be automatically adjusted as prices change.

"All this, if true, is extremely unfortunate. In the old-fashioned gold standard, and in orthodox banking practice, we had better instruments than we knew. Although these instruments could not assure economic stability, they did give warnings. The immediate need is to reestablish the gold standard and the credit system on a basis which will permit time-honored practices to be resumed." By Harold L. Reed. *Farrar & Rinehart Pamphlet No. 2*, 1934. 56 pages.

Credit Management and Business Rehabilitation

"Analytical surveys of the exact financial position and operating methods of various types of business in trouble," writes the credit manager, The American Crayon Company, "have ultimately made it possible to convert many such businesses from positions of almost certain failure to profitable operating bases." Describing the new rehabilitation role of credit management, he states that business is beginning to make profitable use of this constructive work. By R. Guy Echols. *Executives Service Bulletin*, August, 1934, p. 3:2.

Inflation and After

Case studies of the effects of inflation in Germany, France and Austria on savings banks and their depositors, educational trust funds and educational institutions, life insurance companies and their policyholders, wages, salaries, and pensions, charitable foundations and hospitals.

Some of the effects given: 1. German savings banks lost 99.9 per cent of their deposits as a result of inflation. Depositors (who left their money in the bank) lost virtually 100 per cent of their savings. 2. A benefactor gave a substantial sum of money to the University of Frankfurt for the promotion of research. In the end, however, what the University inherited by

this bequest was a yearly obligation to pay 450 marks to some employees of the donor. The asset was converted by inflation into a liability. During the later stages of inflation it often happened in the three countries that the insurance money paid in settlement of a death claim was worth no more than a few cents of American money. 3. As inflation progressed it became necessary to readjust paper money wages periodically. The adjustments were first made every month, then every week; later, some companies changed the rates of pay every day, and finally twice a day. At the zenith of the inflationary period a few establishments (which had resorted to paying their employees twice a day) allowed them extra time off at noon in order that they might spend their money before it depreciated further. Inflation tended to level pensions in much the same way as it reduced wages and salaries of higher paid individuals and brought them closer to the level of wages received by unskilled workers. By Irvin Bussing. Condensed from a report prepared for The Duke Endowment by Philip G. Wright. *The Duke Endowment*. 65 pages.

Public Utility Valuation

This report seeks to prove that from the point of view of both public utility investors and consumers the most equitable basis for the annual depreciation charge is current production cost, and that the proper basis for rate-base determination is reproduction cost less the percentage of accrued depreciation that has been charged into the operating expense of prior periods. The accounting treatment for the application of these principles is discussed. By Willard J. Graham. *Studies in Business Administration*, University of Chicago, 1934. 95 pages.

The Monetary Theories of Warren and Pearson

It is generally understood that our government embarked upon its present monetary program when Professor Warren be-

came an influential adviser of the President on monetary questions, and that the present policies are dominated by, or related to, the monetary theories of Warren.

It is the purpose of this pamphlet to present in a summary manner the essentials and characteristics of Warren's theories so that the general public may have a clear appreciation of their significance and be able to formulate intelligent opinions regarding them.

"We must not only understand Warren's ideas, but we must examine them in the light of the most generally accepted economic and monetary doctrines with which they are in violent conflict. Expert monetary economists stand amazed at the realization that this country is not only faced with serious currency problems in the near future, but is already actually drifting into policies which experts know are contrary to important monetary lessons learned many times throughout a period of several centuries. We are faced today with a situation in which the well-recognized monetary principles of the world are being sacrificed to experiment which has become the fetish of our present government."

The author points out fallacies in the theories of Warren and Pearson given in their book, "Prices," and in the governmental policy. By Walter E. Spahr. *Farrar & Rinehart Pamphlet No. 1*, 1934. 26 pages.

Wages Must Follow the Price of Gold

With a reduced gold equivalent of the dollar bill, says the author, money wages which were fair compensation are rapidly becoming inadequate and will have to be increased to keep our system in operation.

He believes that this disparity, produced by gold dollar devaluation is a fundamental cause of our widespread labor unrest which is now so evident. If this is so, it will pay industry, he believes, to take a definite coordinated leadership in making a scientific adjustment on a broad scale that will restore the wage, gold price parity.

Such adjustment, in the author's opinion, would greatly stimulate business volume and if correctly undertaken would be self-financing through increased total profits. By H. P. Losely. *The Iron Age*, August 2, 1934, p. 12:3; August 9, p. 14:4.

Insurance*

Multiple Location Floater Insurance

A presentation of some interesting facts concerning the activities of the Interstate Underwriters Board which has to do with the regulation of multiple location underwriting. The advantages of this type of protection are set forth and a list of reasons why a regulatory body is necessary is given. *The Eastern Underwriter*, August 10, 1934, p. 1:2.

Unemployment Insurance

July 1, 1934, saw the operation of the compulsory feature of the Wisconsin Unemployment Compensation Act.

The author, assistant controller, Bucyrus-

Erie Company, discusses in this article the six voluntary unemployment plans drawn up by the Wisconsin Industrial Commission's "Advisory Committee on Unemployment" and which any employer can use.

The six plans are: 1. Standard Unemployment Benefit Plan; 2. A B C Unemployment Reserve Fund Plan; 3. D E F Unemployment Reserve Fund Plan; 4. G H I Unemployment Reserve Plan; 5. X Y Z Unemployment Reserve Plan; and 6. Guaranteed Employment Plan.

The D E F and G H I Plans are identical except that the G H I Plan provides for a bookkeeping reserve instead of Trust Fund. The principal features of the vari-

* Insurance abstracts are contributed by P. D. BETTERLEY, Assistant Treasurer, Graton & Knight Company.

ous plans are discussed briefly and some of the accounting problems and records required are pointed out. By L. E. Zastrow. *N. A. C. A. Bulletin*, June 15, 1934, p. 1177:10.

Accountants Held Liable for Failure to Find Embezzlement

The Florida Supreme Court has established a principle of great importance in salvaging fidelity losses. The assured's accounts were audited annually by a firm of auditors, a defalcation developing and running for a period of years. The casualty company paid its bond loss but asserted a right of subrogation and suit for damages for failure of the accountants to discover the defalcation. The court upheld its right to recover all the loss after the first year, up to the amount of its bond. *The Casualty Insurer*, August, 1934, p. 6:1.

Self Inspection Blanks for Plant

The National Board of Fire Underwriters has prepared a daily report form for plant owners to use in making self inspection of their property. It is a comprehensive form which should be of interest to all those interested in fire prevention. *Safety Engineering*, July, 1934, p. 31:2.

OFFICE MANAGEMENT

Space: Location, Equipment, Arrangement

When to Air Condition? Now? Next Year? Or—?

This article stresses the fact that air conditioning should not be considered for summer comfort only, that it is even more important from the health standpoint in winter.

A table is given showing how winter "conditioning" can be provided for at the same time summer conditioning equipment is installed in a typical office. The table

Scope of Agents' Authority

The decision of the Supreme Court of Georgia, in the case of *Aronoff versus United States Fire Insurance Company* clearly demonstrates the need for caution on the part of insureds. The property owner may not alter the circumstances of ownership interest without written consent of the insurers.

The policy issued to Aronoff was payable in case of loss to a creditor, and during the process of seizure of property under legal process, the insurer's agent made a memorandum in writing to endorse the policy so that it would not be avoided on account of the legal transfer of interest. The memorandum was lost and the agent neglected to make the endorsement, failed to complete the transaction. Since the insurance company had no knowledge of the change in ownership interest, they denied liability for the loss. The insured assumed that the agent had taken care of the matter.

The Court pointed out that the change of interest condition in the policy was a reasonable and valid requirement and a business custom does not become part of the written contract by implication where a provision in the contract expressly denies the right to claim under custom. *Insurance Decisions*, April, 1934, p. 419:2.

also shows the installation and maintenance costs. By Russell L. Putman. *System and Business Management*, July, 1934, p. 328:4.

One-Machine Accounting for the Smaller Firm

"One machine, one operator," sums up the most striking feature of the mechanized accounting system of Lysol, Ltd., (manufacturers of Marshall's Lysol and Hind's Cream), according to the author, secretary of the firm. In this article he de-

scribes how one machine handles the work—the volume of which can be gauged by the fact that the active accounts number 5,000 to 6,000. By A. J. Black. *Business*, July, 1934, p. 25:4.

Sunlight Made Automatic

The Government has safeguarded the eyesight of mail sorters in the new post office building at High Point, N. C., by equipping the sorting room with "electric eyes" which "see" that correct illumination is maintained. The "electric eyes" cause louvers or shutters on the skylights to open

or close, thereby letting in the proper amount of light.

"Glare is the chief offender in buildings designed to admit an abundance of natural light," says E. H. Vedder, engineer of the Westinghouse Electric and Manufacturing Company, who adapted the electric eye for this new use. "Bright sunshine produces glare which causes eye strain, headaches, and general physical discomfort to the workers. The 'electric eyes' are adjusted to maintain the correct level of illumination in the sorting room regardless of outside weather conditions. *System and Business Management*, July, 1934, p. 337:2.

Organization: Job Analysis, Employment, Pay, Tests

Salary Standardization and Administration

While considerable progress has been made in the development of scientific methods as a basis for wage determination with respect to wage earners, few organizations have attempted to evolve similar procedures for fixing salaries. The reason usually given is that most salaried employees have such varied activities that it is extremely difficult to establish the relative value of their services with any degree of accuracy.

Despite this apparently serious difficulty, a few companies have endeavored to develop scientific methods of controlling salaries. These efforts have been very similar, requiring, in a broad sense, two groups of activities: 1. "Salary Standardization," or the grading of jobs, and establishment and maintenance of salary limits for each group of positions; and 2. "Salary Administration," or the control of individual salaries.

This report discusses in some detail, as determined from a study of these cases, the objectives of salary administration, fixing the responsibility for standardization, the extent of standardization, and the steps to be taken in establishing salary standards. Job analysis, job evaluation and grading, establishment of a salary schedule, subsequent adjustments of job grades or salary

limits, the adjustment of individual salaries to the schedule, the effect of the salary schedule on hiring rates and the method of making salary changes between the limits fixed by the schedule are the steps in salary standardization and administration discussed with respect to the practices in use in the companies studied.

Several of the forms used in making a job analysis and salary adjustments are illustrated, and appendices to the text outline, a description of job grades in one organization, a typical salary schedule, and job classification in one organization. *Policyholders Service Bureau, Metropolitan Life Insurance Company*, 1934. 30 pages.

The Photograph on the Application Blank

Some employers study the photographs of applicants in order to ascertain: 1. intelligence; 2. specific vocational suitability; 3. personality traits; or 4. physical characteristics. This investigation shows that people's personality traits cannot be ascertained from study of their photographs. The use of photographs, therefore, should be confined to such physical characteristics as may influence a man's success on a job. By Richard Wellington Husband. *The Personnel Journal*, August, 1934, p. 69:4.

Personality Analysis and Improvement

Newman L. Hoopingarner's methods of analyzing and building personality are here described. His fundamental premise is that personality traits result from the interplay of all one's abilities in relation to each other, to the environment, and to the ultimate goal. By Harriet Babcock. *The Personnel Journal*, August, 1934, p. 84:8.

An Analysis of Office Occupations

The purpose of this analysis is to assist anyone contemplating entering office work in making his own occupational adjustment, assuming that occupational adjustment involves both the guidance of the individual into the right vocation and the training that will help him to be successful in that vocation.

A chart is included which gives, for each of the twenty-eight office occupations studied, information as to the nature of the work, duties and qualifications of the worker, and placement and promotion, and includes miscellaneous facts about each job.

A ten-page bibliography lists sources on

the general subject of office work and the twenty-eight specific occupations studied. By R. S. Rowland and E. P. Strong. *State Teachers College, Indiana, Pennsylvania*. 44 pages.

A Representation Plan for Office Workers

Representation for office workers is something of an experiment. The B. F. Goodrich Company adopted an office employee representation plan a few months ago. Problems met and solved in setting up such a plan are discussed here in an interview with the controller of the company. By T. B. Tomkinson. *System and Business Management*, August, 1934, p. 372:4.

The Practical Use of Tests in Appraising Occupational Fitness

An appraisal of the use of tests in supplementing work history records, measuring the effective results of education, and predicting success in specific occupations. By Garret L. Bergen. *The Personnel Journal*, August, 1934, p. 73.9.

Records: Forms, Charts, Cards, Files, Statistics

This Plan Gives Us Up-to-Date Sales Reports

A delineation of the method of compiling daily reports of sales in the various offices of The American Oil Company. The new plan has the following advantages: 1. Typing at division offices is eliminated; 2. Recopying at the home office is unnecessary; 3. Reports are in the hands of interested executives a day earlier. By Eugene J. Bengé. *System and Business Management*, August, 1934, p. 376:3.

When to Destroy Old Records

How long should deposit slips, ledger sheets, certificates of deposit and the multitudinous other records of a bank be kept are questions discussed in this article. The

destruction schedule of a bank holding corporation with units varying in size from metropolitan banks to country banks is given. By Arthur Van Vliissingen, Jr. *The Burroughs Clearing House*, August, 1934, p. 17:4.

Visible Sales Records

A record system that gives complete control of a widespread national sales organization through instant visibility or reference to any desired information is used to direct the L. A. Young Golf Corporation's sales department. A visible file is used, occupying eight cabinets, with a total of 5,000 live cards in the file. A card, 5x8 inches, is used for each customer. State or territory, city, customer's name

follow in order on the guide line. Removable signals indicate special information about each customer. The cards are in five colors, each color representing a certain type of customer. All are filed in a single order in the file, however, giving territorial control.

The visible file is valuable for direct mail purposes. Any type of mailing list may be drawn, such as, a group of customers low on golf ball sales, those who

buy heavily in the spring, country clubs that have not bought in recent months or have not been called on, customers failing to buy clubs, customers handling all sales by mail, etc. Specific direct mail can be aimed at any list wanted—either in a state, a territory, in towns of a certain size, or over the whole country. The color divisions of the cards classify instantly the types of customers. *System and Business Management*, August, 1934, p. 382:1.

PRODUCTION MANAGEMENT

General: *Promotion, Organization, Policy, Development*

A Study of a Change From One Shift of Nine Hours to Two Shifts of Six Hours Each

In the particular plant discussed, the management feels that the change has been a success. More people have been given work, it is pointed out, hourly production has increased slightly, and the expense of the plant cafeteria is lower. Facts reported by the employees reveal that of the 230 women who had worked on both the nine-hour and the six-hour schedules, only 13.9 per cent expressed a preference for the six-hour schedule. Of the 51 who had worked at the plant only under the six-hour schedule, 47.1 per cent preferred this schedule to the former nine-hour one. The nine-hour schedule was preferred principally because it permitted the worker to earn more money. The six-hour schedule, stated advocates of this plan, allows more leisure time, spreads work, and

causes less fatigue. *Bulletin of the Women's Bureau*, No. 116, U. S. Department of Labor, Government Printing Office, 1934. 14 pages.

Five Fallacies That Keep Businesses From Making Real Profits

The author discusses the following fallacies of cost and profit practices: 1. Misleading theories about cost; 2. The fallacy of overhead expenses; 3. The hocus-pocus of overhead distribution; 4. The uniform cost system delusion; and 5. The standard costs fetish. By Robert S. Denham. *System and Business Management*, August, 1934, p. 363:7.

The Construction Industry in Minnesota

By Charles E. Artman, Arthur M. Borak, Kenneth T. Setre and Roland S. Vaile. *Bulletin of the Employment Stabilization Research Institute*, University of Minnesota, 1934. 66 pages.

Plant: *Location, Lighting, Heating, Ventilation*

The Additional Duties of a Maintenance Department

The maintenance department of Proctor and Schwartz, Incorporated (textile equipment), has endeavored to carry its duties beyond that of actually keeping the buildings and machinery of the company in first

class order. Reduction of power costs alone, offers a vast opportunity to the maintenance department. Motors and controllers are cleaned regularly. With a total connected load of over fifteen hundred horsepower, in motors ranging from one-half to thirty-five horsepower, there has not been a shut down of a production ma-

chine because of motor or controller fault, for six years.

"The economical application of apparatus for the correction of power factor, is another item that can often be properly presented to the management by the maintenance department. A thorough understanding of operating conditions and the electrical characteristics of such, give the maintenance man all the knowledge that he needs for presenting a favorable argument for power factor correction."

At this plant conditions are such that practically any necessary repair work can be handled immediately by the maintenance department.

"In the search for methods of cutting down the operating expense of a plant no maintenance department can afford to ignore the continual development of new equipment, ideas and 'gadgets.' Every year hundreds of new ideas are developed, some of which are adaptable to most every type of industrial plant, and may result in a direct benefit, either as a money or a time saver." By George W. Hilsee, Jr. *Mill & Factory*, August, 1934, p. 37:3.

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

Operation of Unemployment-Benefit Plans in the United States Up to 1934: Part 2

The second of a series of articles on unemployment benefits and insurance plans. Trade-union employment-benefit plans have in most instances been maintained with great difficulty during the depression. However, a recent study shows forty-one plans to be in existence as compared with forty-eight listed in a study made early in 1931 and a rather remarkable story of trade-union solidarity is unfolded by the history of these plans which show members voluntarily assessing themselves high percentages of their earnings for the maintenance of the funds. Benefits have in many cases been very greatly reduced but the relief afforded by the cash benefits and the plan

British Experiments in the Reduction of Excess Industrial Capacity

In nearly all sections of the basic British industries, comprehensive programs of reorganization have recently been evolved, embodying the establishment of highly centralized control in an effort to promote the orderly retirement of redundant and obsolete productive equipment.

This review of the most outstanding of these programs and the progress that has been made in their application concludes that reorganization for the purpose of reducing capacity is justified only in extreme cases, that it is limited in usefulness and that it contains such weaknesses and possibilities of abuse that it must be accompanied by governmental action of one kind or another. The chief obstacle to the administration of a cure lies in the lack of assistance from the patient itself. The hostility of individual producers is so great and their interests so divergent that only the severest of calamities will force them to participate. By Arthur F. Lucas. *Harvard Business Review*, July, 1934, p. 389:9.

followed in a number of instances for sharing the work among unemployed members have been regarded as of such value that in nearly all cases there was every disposition to continue the funds. By Anice L. Whitney. *Monthly Labor Review*, July, 1934, p. 1:24.

Nobody Can Bat for the Boss

A few of the major objectives in any well-conceived program of industrial relations: 1. A reasonable assurance of steady employment; 2. Definite promise of a fair scale of compensation; 3. Direct access of the employees to the management; 4. Working conditions at once satisfactory to the employees and within the means of the employer; 5. Assurance that faithful service when terminated through no fault of

the employee, will give him at least a living for the remainder of his days.

The vice-president of The Goodyear Tire & Rubber Company, Inc., says: "There is a great necessity for well-thought-out programs of industrial relations, as anyone can see who reads the newspapers; and the best time to start work on such a program is always the first minute after the subject comes up for discussion, since until such a program has behind it a history of functioning which inspires mutual confidence it cannot really begin to yield its dividends.

"It is essential to the successful development of an adequate industrial relations plan that the management—all the way to the top—take the ultimate responsibility for it. Obviously such a program cannot really function if it is left in the hands of a sub-executive who, however great his intelligence and however sincere his intentions, has no considerable voice in those policies which are the corporate exemplification of its attitude. Nobody else can bat for the president.

"It is not only necessary to be fair in all dealings with employees, but it is also advisable to keep them posted on developments and policies in the business so that they can correlate their personal experience (which of necessity is highly limited) with their other information and thus get some sort of picture of the institution as a whole, and of the problems which make management more than a job of a-b-c simplicity." By C. Slusser. *Factory Management and Maintenance*, August, 1934, p. 340:5.

Production by Self-Help Organizations of Unemployed

A variety of articles is manufactured by cooperative self-help groups. Most of these are strictly utilitarian, but in some instances are for decorative or esthetic purposes. Many of these commodities were displayed in an exhibit recently held in Washington, D. C., described in this article. Generally the production is being carried on with the aid of a grant of Federal funds.

Such grants, it is found, not only are one of the most inexpensive forms of relief, but are also invaluable in their effect in keeping the recipients self-supporting and in maintaining their morale. *Monthly Labor Review*, July, 1934, p. 25:6.

Controlling Excessive Wage Demands

Summarizing its views on the present wage demands of labor, this study concludes: "For the permanent benefit of labor and industry alike, as well as for the economic stability of the nation, there is ample evidence to show that labor must be restrained from enforcing values in excess of fair proportion of the values created." The study sets forth the principle that the total wages paid in any plant shall not exceed the maximum nor fall below the minimum percentage of "value added" as determined for that plant's industry or subdivision thereof. A chart showing the relations of wages to values produced for the years from 1921 to 1932 is reproduced within the pamphlet. *Booklet Editorial No. 43*, Wonalancet Company, 1934. 12 pages.

Works' Sickness and Benevolent Funds

Characterizing thrift schemes as one of the most important branches of industrial welfare, this study deals with one particular type of thrift scheme commonly formed in works and factories in England—the Works' Benevolent or Sickness Fund. This plan takes one or other of two forms—it may be a scheme for special payments made entirely by the firm during periods of sickness, or it may take the form of a benevolent fund to which both the employer and the employee while at work contribute.

The booklet treats, in chapters so named, the following phases of organizing and administering a benevolent fund: 1. The Financial Basis; 2. Membership; 3. Contributions; 4. Benefits; 5. Control of the Fund; 6. Benefits other than Sickness Payments; and 7. Drafting the Rules. *Industrial Welfare Society, Incorporated*, 1934. 27 pages.

Unemployment Relief Census, October, 1933

The regional concentration of persons on relief, both absolute and in relation to the population, was one of the outstanding facts disclosed by the unemployment relief census of October, 1933. Other striking disclosures were the remarkable difference in the percentages of white, Negro, and other races receiving aid, the predominance of large families among relief cases, and

the large representation of children as compared with adults. In three states approximately one-fourth of the whole population was on relief in October, 1933. The proportion of the colored population on relief was almost double that of the whites. Over 33 per cent of the whole number of families on relief were in the four industrial states—Illinois, New York, Ohio and Pennsylvania. *Monthly Labor Review*, July, 1934, p. 31:4.

Training and Education: Schools, Libraries, Apprenticeship, Employees Publications, Bulletin Boards

Technological Change and Retraining

To ascertain whether technologically unemployed workmen possessed characteristics enough in common to warrant a program of retraining, 267 unemployed workmen in Pittsburgh were interviewed. The study showed that such workmen, regardless of their former occupation, were young enough at time of displacement to profit by additional training. Under present conditions, once unemployed, they are drift-

ing into work they dislike, that has no possibilities of future financial rewards, and is beneath the level of their ability. Furthermore too much time is being wasted in the search for new employment. Where local demand for labor is declining a direct need for greater mobility is felt. A sound program of retraining would go a long way toward correcting the ills induced by present unsatisfactory conditions. By Otis E. Young. *The Personnel Journal*, June, 1934, p. 47:5.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

A Job Analysis of Manufacturing Plants in Minnesota

Eighty-five firms, representing thirty-three different industries and including most of the large factories in the section, were included in this survey. Within each industry those factories were selected that differed most from one another, for in that way the greatest possible variation in manufacturing methods, training requirements, types of employees and working conditions was obtained. In some industries, the complete sequence of the manufacturing process was studied. In other industries, the operations in completely mechanized plants were contrasted with operations in less mechanized plants.

After the data were collected it was

possible to compare the operations performed in different plants within an industry and also to compare one industry with another. It was found, as might be expected, that plants producing the same products do not always use the same methods of production. It is not yet possible to say which of the methods in use is the best, but the data presented here may at least show how time- and money-saving procedures may be found. The data also reveal a fact that is highly significant in connection with training and placement work: that operations in different plants of the same industry and frequently in plants of different industries are basically similar. Hence the staff was able to draw up a tentative list of the qualifications and training a worker should possess, largely with-

out regard to the type of factory in which he is employed. It is given. By Charles A. Koepke. *Bulletin of the Employment Stabilisation Research Institute*, University of Minnesota, 1934. 316 pages.

If This Mill Looks Empty

From four floors to one has meant quicker deliveries, smaller inventories and better supervision in the Augusta Knitting Corporation. By Rodney Wilcox Jones. *Factory Management and Maintenance*, July, 1934, p. 296:2.

Voluntary Decisions in Industry

The making of voluntary decisions is one of the chief causes of fatigue in industry, points out the author, a staff member of the National Institute of Industrial Psychology (England), citing numerous cases in which the necessity for such decisions has been removed or reduced by methods of industrial psychology.

In connection with a study of workers packing boxes of mixed chocolates, he states: "The industrial psychologist found the girls surrounded by trays of sweets placed haphazard by the 'runner' who brought them, or perhaps arranged by themselves. He found also that the girls were responsible for the attractiveness of the general design of the completed box, and that this responsibility lay heavily on their hands. When, among other improvements introduced by the Institute, the trays had been re-arranged so that the girls could follow a regular routine, picking up sweets from adjacent

trays in exactly the right order to produce the design which was standardized for them and so needed no thought on their part, a surprising increase in output resulted, the girls saving on an average one hour and forty minutes in every working day of eight hours." By L. I. Hunt. *The Human Factor*, June, 1934, p. 220:9.

Four Years of Modernization Show Profits

If a piece of equipment will pay for itself within a year, buy it. Such is the simplicity of the modernization theory of The Fein Tin Can Company, Inc., says the production superintendent.

Conveyors have proven very profitable in the plant, an investment of \$1200 in them bringing a potential return of \$7,500 a year. By Frank Isgro. *Mill & Factory*, August, 1934, p. 34:3.

Running Iron Blast Furnace for Ammonia Manufacture

The Soviet Nitrogen Institute, in the interest of making synthetic ammonia, has conducted experiments, here reported, by which the iron blast furnace is made a producer of gas suitable for the synthetic process. The pig iron becomes virtually a secondary product. A cold blast containing 55 to 60 per cent of oxygen is proposed for the process on a large scale. The blast furnace plant therefore needs no hot stoves. By B. M. Suslov. *The Iron Age*, July 26, 1934, p. 22:3.

Research and Experiment

The Scientific Study of the Industrial Worker

The study of the human element in industry must include the whole gamut of hopes, desires, fears, and interests, insofar as these motivate and organize work behavior in its widest sense. Along these lines, a research is being carried on at

the Hawthorne Works of the Western Electric Company, one experiment of which is described, as far as it has gone.

In 1927, five skilled operators, young women, were placed in a special test room and performed their usual work under continuous observation until the middle of 1932, a period of five years.

The operators were informed as to the

nature of the experiment. They were paid, as before, on the same system of group piece work; but the group, formerly containing over a hundred individuals, was now reduced to only five. In addition, no pressure was put on this group to achieve any given level of output; in fact, they were warned against racing or forced output in any form, for the immediate object was not to increase output but to study the human factor.

Provision was made to keep adequate records. One or more executives were stationed continuously in the test room throughout the whole experiment. An automatic instrument recorded, to about a fifth of a second, the instant at which each operative completed every assembled

relay. So a minute-to-minute record of output for each operator over a period of five years was made. Other records relate to the quality of the output, and also to the quality of the parts supplied; reasons for temporary stops in the work; records of conversations; room temperature and humidity.

Charts are given which record fluctuations in the weekly rate of output, physical circumstances affecting work, a comparison of the work of two operators, characters and social relationships of the workers, mental attitude and human relationships, the effects of financial incentive, and the effect of the depression on output. By T. N. Whitehead. *Harvard Business Review*, July, 1934, p. 458:14.

MARKETING MANAGEMENT

Prices of Branded Grocery Commodities During the Depression

A study made in Durham, North Carolina, indicates that brands of commodities which compete directly with the same commodities sold in bulk or for which cheaper substitutes (either a cheaper brand of the same commodity or a bulk commodity of similar nature) are readily available declined the most during the depression. Brands which do not compete directly with bulk products, or for which no exact substitutes are readily available, or which because of extensive advertising occupy a somewhat exclusive position, declined the least during the depression.

The price data received from both independents and chains indicate that on May 10, 1933, the chains were underselling the independents by 11 per cent. A similar study made in 1929 showed the average saving at chain stores in December of that year to be 13.79 per cent. This would suggest the conclusion that Durham's independent grocers in general were making a greater effort to compete

with the chains on a price basis in 1933 than at the beginning of the depression. By Malcolm D. Taylor. *Harvard Business Review*, July, 1934, p. 437:13.

Capital Value of a Sale

This article concerns itself chiefly with pointing out the importance of a dealer's knowledge of his sales in terms of capital value. Four distinct elements, it is pointed out, should be considered by the manufacturer in computing his selling expense: 1. Successful efforts to establish new customer accounts; 2. Efforts to establish new customer accounts which fail in their purpose, and are therefore dead loss; 3. Successful efforts to maintain or improve established accounts, and 4. Unsuccessful maintenance efforts directed toward established accounts, which are, like unsuccessful efforts to open new accounts, dead loss. In the over-all cost of the entire sales department job, the author groups these factors into two main categories: 1. Analyses of organized effort directed at the market—by salesman, by branch office, by special departmental subdivision of the sales force,

and by specific type or class of advertising; 2. Analyses of the market against which effort is directed—by geographical subdivision, by type of distribution employed, by industry, trade or profession, and by product or product use. By Harry Merrill Hitchcock. *Printers' Ink*, July 12, 1934, p. 7:6.

New Trails in Merchandising

Two major principles guide the Adamson Bros. Company's merchandising program described in this article: 1. "Keep your commodity in strong hands"; 2. "Advertise and promote your product for what it does and not what it is." The author, president of the company, writes that "the success of this policy can best be judged by the fact that consumption more than doubled in 1933 over 1932, and, on the basis of orders in hand, the 1934 production will treble that of 1933." By Percy Adamson. *Executives Service Bulletin*, August, 1934, p. 1:2.

Building Customer Goodwill

In this discussion of the goodwill problem of the public utility, the President and General Manager, Los Angeles Gas and Electric Corporation, says, "Customer relations are human relations at wholesale, and human natures and human outlooks are as various as are the numbers on the census roll. There is no magic formula, except in the most general sense. But one general

statement can with safety be made—the good repute of a public utility is the constant responsibility of every person connected with its payroll.

"The golden rule of customer relations might possibly be expressed something like this: There are just two things to keep in mind regarding customer relations. First, give the customer a square deal. Second, see that the customer knows he is receiving a square deal. All the rest is detail. The public utility square deal may be defined as rendering service of standard quality at reasonable rates, with courtesy." By Addison B. Day. *Executives Service Bulletin*, July, 1934, p. 1:3.

Are There Too Many Salesmen?

Efforts of a recently-formed salesman's association to secure NRA benefits for the commission salesman are discussed by the author, who does not believe that government regulation will solve the problems of this selling group. The new association requests minimum wages and territorial protection from the NRA, and protests that the field is being crowded with the itinerant salesman recruited for the most part from the ranks of the unemployed. If a code drawn along these lines were imposed, it is pointed out, the commission salesman would ultimately receive reduced rates of commission or the price to the consumer be greatly increased. By George L. Willman. *The American Salesman*, May, 1934, p. 9:2.

Buying, Receiving, Storing, Shipping

How Fixed Prices Affect Purchasing Policies

With competitors no longer able to bid against each other for the business at the disposal of a purchasing agent, has the job of the latter lost its reason for being? In the opinion of the author, Vice-President, The B. F. Goodrich Company, the elimination of the price factor gives the purchasing agent an opportunity to give considerably more attention to the broader and deeper aspects of his work. He can concentrate,

first of all, on quality, it is pointed out. "Also, without price as a factor, more importance can be allotted to past performance records of vendors and more weight can be given to the ability of vendors to perform their contracts completely and satisfactorily." Under present conditions, the purchasing agent may be able to suggest to his vendors changes in specifications which would enable the vendor to give him lower prices within the scope of the vendor's code. By J. J. Newman. *Printers' Ink*, June 7, 1934, p. 47:3.

Sales Promotion: *Letters, House Organs, Advertising*

How J. & J. Get Dealers to Team Window and Counter Displays

Why do Johnson & Johnson get so much valuable display space in dealers' windows? A carefully thought out and carefully tested re-selling plan has been advanced by executives of the company as the reason for this cooperation from dealers. Display, it is pointed out, is the pivot around which the sales plan of J. & J. revolves. Careful checking has shown the company that a druggist's sales on their first-aid line can be increased approximately 40 per cent if he puts in a good counter display—and doubled if he ties up that with a good window display. It is on the red cross emblem that J. & J. concentrate in planning displays, and it is this trademark that furnishes the motif for the new "Toonerville" window display. Various displays of pharmaceuticals and sanitary goods are made available to the J. & J. dealer throughout the year. *Sales Management*, August 1, 1934, p. 108:3.

Salesmen Enthuse, and New Product Wins

"We know that enthusiasm makes sales and we are certain that this campaign will prove it," states the General Sales Manager, Royal Typewriter Company, Inc., in connection with the company's recent introduction of a new model typewriter. In the creation of enthusiasm, the company places great stress upon the proper presentation of a new product to the sales force. The actual presentation to the salesmen of the new typewriter took place at twenty-one meetings, held throughout the United States, almost at the same moment. The cities chosen were selected because of their central location and the ability of the branch manager to make an enthusiastic presentation. Between 50 and 200 men attended each meeting. The presentation was in the form of an unveiling and was so dramatized, states the author, that excitement and anticipation were at their peak. Demonstration of the new machine is an important

part of the sales plan. Printed copies of it were delivered to the salesmen shortly after the presentation. By Maxwell V. Miller. *Printers' Ink*, July 5, 1934, p. 15:3.

Building Liquor Volume on Quality Appeal

How can the quality drug chain sustain the quality appeal in the community where the price-slashing menace has already raised its head? The advertising manager of a chain of ten retail stores outlines the plans of his own organization to win and retain public confidence. "We are going about the job by emphasizing fine imports, store-branded domestic manufactures, and the long-established branded goods which take a dignified stand concerning distribution. We are going in strongly for the idea that the typical solid citizen would like very much to build up a well-stocked wine cellar. This is the right time in our estimation to feature super-quality wines in case lots, the genuinely aged imports and some of the better domestic manufacturers as well." The article is accompanied by reproductions of illustrated advertising copy bearing out the quality appeal of Katz & Besthoff, Ltd. By Robert A. Kottwitz, Jr. *Chain Store Age* (Druggist Edition), June, 1934, p. 20:4.

Real Selling Opportunity in Complaint Letters

"A fine job of selling and advertising can be undone by poor handling of complaints," points out the Manager of Sales Promotion, Strathmore Paper Company. "Products can be the best on the market but careless or inadequate handling of complaints can cause ill-will, loss of customers and lowering of sales. With business already improved and better business probably ahead, many companies are today studying the handling of complaints to be sure that complaints will not be sales liabilities but rather will be real sales assets." A complaint is further valuable because it occasionally reveals some fault in the merchandise or uncovers a new improvement in the

product. In some instances, complaints have even led to the discovery of a new market or a new product. The article cites ten actual cases in the handling of adjustments. By Cy Norton. *Printers' Ink*, June 28, 1934, p. 29:2.

This Plan Tripled Sales!

Last year, Dodge Brothers truck sales were three times those of 1932 (220 per cent ahead), while the average increase for all trucks was 36.3 per cent. The company sold 11.4 per cent of all trucks, as against 4.8 per cent in 1932.

Planks in the Dodge selling platform are: 1. Get an adequate number of intelligent, hard-working salesmen. You do not need truck-transportation experts to sell most trucks; 2. Reach the right man at the right time with the right truck. See buyers when they are thinking of buying; 3. Make advertising, promotion and direct selling work together as a team; 4. Keep eternally at work on cold canvassing; 5. Emphasize style and beauty appeals; 6. Apply systematically and continuously the sales fundamentals which are so easily (and often) forgotten. By Norman G. Shidle. *Forbes*, May 15, 1934, p. 10:3.

Industrial Marketing

Advertising as Insurance

Advertising of the Inland Manufacturing Company, manufacturer of flexible rubber freezing trays and grids, is characterized as a matter of insurance—insurance for a market approximately 90 per cent sold. Having sold its compact market, composed of manufacturers of mechanical refrigerators, on the merit and use of its product, the company has made doubly sure of holding it by using advertising to reach the ultimate buyer of the refrigerator. The current advertising campaign, which is conducted on the largest scale the company has ever used, has for its objectives: 1. To inform mechanical refrigerator owners regarding the ice-cube convenience of flexible trays and grids; and 2. To acquaint prospective

Why These 4,000 Salesmen Never Lack Prospects

The home office of the Connecticut Mutual Life Insurance Company has for three years been experimenting with almost every device known for furnishing leads to its sales representatives.

Sources of such leads now utilized are:

1. Family Information Cards. These are merely prospect-listing cards to be used for the relatives and friends of a new policyholder.
2. Salesmen's Leads. This is a further development of the Family Information Card whereby the salesman himself fills out five cards giving the names, addresses, and other data of personal acquaintances residing in distant cities.
3. Home Office Leads. Members of the home office staff are also furnished with cards on which they record the names of possible prospects.
4. Newcomers to City. Salesmen secure, through a national organization, the names and addresses of people who have recently moved into a city.
5. Newspaper Advertising.
6. Direct Mail.
7. Literature Leads.
8. General. By Kenilworth H. Mathus. *Printers' Ink*, July 19, 1934, p. 45:2.

buyers of mechanical refrigerators with the fact that rubber trays and grids offer added convenience over the conventional type of metal freezing pan, with the suggestion that they insist upon this feature in the refrigerators they buy. *Printers' Ink*, June 14, 1934, p. 57:3.

Fixing the Appropriation for Industrial Advertising

Based upon facts and trends from a survey of 100 industrial advertisers, this article recommends that the industrial advertiser approach his appropriation from the angle of the task method. The six-point policy outlined may be summarized as follows: 1. Appropriation problems should be approached by way of the task method; 2.

The use of this method will be predicated upon a realization that percentage of sales usually is a controlling factor; 3. The appropriation will not be set up without as thorough study of future business as is possible under present systems of business prediction; 4. High flexibility in administering appropriations is necessary; 5. It is

desirable to set up an advertising reserve; and 6. A good appropriation policy is based on a realization that the appropriation is a continuing problem and that it is desirable to build up a body of data that will be of help in determining future policies. By C. B. Larrabee. *Printers' Ink*, June 14, 1934, p. 33:3.

Retailing

Seven Pointers for This Fall's Retailing

Seven pointers for this fall's retail selling are: 1. Make your capital work; 2. Capitalize on the fall rise; 3. Watch costs closely; 4. Sell quality and honest value; 5. Stay in your own pasture; 6. Get your inventory under control; and 7. Get your whole business under control. By Arthur Fertig. *Forbes*, August 15, 1934, p. 12:3.

The Flow of Sales Through Retail Drug Stores—A Factual Study

An analysis of continuous sales records in twenty-three retail drug stores during the past five years given in a series of tables and charts. Explanatory text outlines the history and scope of the study, the arrangements with the drug stores which supplied the information, how adequate sales records were compiled and kept, trends of retail sales and the precision with which these trends can be determined, the relation between retail sales and manufacturer's sales, and the influence of economic conditions upon retail sale of drug items. By Lyman Chalkley, Jr. *Harvard Business Review*, July, 1934, p. 427:10.

Expenses and Profits of Variety Chains in 1932

The operations of 29 chains with 5,027 stores and an aggregate net sales of \$670,760,000 are covered in this study. Average net losses were reported by chains with less than 10 stores, 10 to 50 stores, and 50 to 500 stores, but only the chains with less than 10 stores failed to earn anything toward interest on capital owned.

According to a year-to-year comparison, variety chains experienced a drop in average sales per store from 1928 through 1932. Prior to 1932 the chains increased the number of their stores sufficiently to maintain or increase total dollar sales, but in 1932 aggregate sales fell back to the 1928 level in spite of the continued opening of new stores.

During the depression years preceding 1933, gross margin earned per store shrank steadily, chiefly because of the drop in dollar sales per store; but in 1932 because of a decline in the percentage of gross margin as well. The aggregate expenditures per store for salaries and wages, and for all other expense except tenancy, likewise declined from year to year, but the expenditure for tenancy cost per store remained essentially unchanged. The net result of these movements was a sharp shrinkage in profits. *Bureau of Business Research Bulletin No. 93*, Harvard University Graduate School of Business Administration, 1934. 30 pages.

A Modernized Store

Description of the recently-installed indirect lighting system on the first floor of The Davis Company store in Chicago. All the preliminary work incidental to the change-over to indirect lighting was completed at night so that there was no interference with the normal course of business. The actual installation of the fixtures was done between closing time Saturday night and time the store opened on Monday morning. *System and Business Management*, July, 1934, p. 334:2.

Wholesaling

Wholesale Confectioners' Operations

This report, undertaken by the United States Department of Commerce at the request of the National Confectioners' Association and the Southern Wholesale Confectioners' Association, is based upon a case study of five selected confectionery wholesalers in the city of Cincinnati. The data obtained for the study include detailed information on inventories, purchases, and sales for two full-function service wholesalers and for one firm which performed the functions of "wagon jobbers' supply depot" or "pick-up sta-

tion." In addition, sales information was secured from another service wholesaler and a wagon jobber. The report is believed by the Bureau of Foreign and Domestic Commerce to be more significant as indicative of a method suitable for wider application than as a significant analysis of a particular trade. A detailed description of the method used of allocating costs to commodities is set forth in the bulletin. *Domestic Commerce Series—No. 85*, Bureau of Foreign and Domestic Commerce, U. S. Government Printing Office, 1934. 28 pages.

Survey of Books for Executives

The Sales Tax in the American States.

By Robert Murray Haig and Carl Shoup.
Columbia University Press, New York,
1934. 833 pages. \$4.50.

A study, made possible by a grant from the Rockefeller Foundation, outlining the growth of the sales tax movement and describing some of its results.

When the World War was nearing its end in the middle of 1918, the sales tax as an important fiscal instrument was to be found only in a few small countries and in Germany, where the rate was but 0.1 per cent. Today, fifteen years later, the tax has spread over four continents and is now an important element of national taxation in the larger part of Europe, South America, Australia and Canada, and is rapidly assuming an important place as a state tax in the United States.

How rapidly this last development has occurred may be judged from the fact that in the last quarter of 1929, when the most violent phase of the general business depression was ushered in, the sales tax was an insignificant element in state fiscal systems. At the close of 1933, it was an important element in fourteen states with

signs of spreading still further. The enthusiasm with which it is being supported is easily matched by the bitterness with which it is opposed. This book reflects the importance of the subject it discusses.

A Scientific Routine for Stock Control.

By R. H. Wilson. *The Harvard Business Review*, October, 1934. Reprints will be supplied at 25 cents each by the American Management Association.

Few users of the common dial telephone realize that, as factors back of this apparently simple mechanism, lie some of the greatest refinements of the mathematical theory of probabilities. In the hands of the technicians of the Bell Telephone System, during the past twenty years, these same mathematical principles have proven their practical usefulness in a widening field of applications. One of the more recent of these applications is the routine for stock control described in Mr. Wilson's paper.

The methods described represent a very fundamental improvement in procedure, and, in due course, should result in very general and substantial economies in the handling of merchandise and manufacturing

stocks. However, the basic plan requires some practical adjustments when adapting it to a particular stockroom and these can be made with certainty only by an executive who has personally, or through a competent assistant, some knowledge of the relatively simple statistical principles involved. The reading of the paper, therefore, is *not* recommended to those who lack such statistical knowledge or assistance.

As an offset to the preceding limitations on the immediate usefulness of the proposed routine, Mr. Wilson has developed methods, including an ingenious computing device, which should make it possible for a statistically untrained stock clerk to compute quickly and accurately both the most economical size of orders to be placed for each stock item, and the exact amount of stock on hand at which the placing of a new order is required.

To facilitate the introduction of the new procedure in untrained hands, a simple method is suggested whereby its effectiveness may be tested without actual installation. A sample test of this kind is cited which showed a cut of 15 per cent in inventories, plus reductions of 20 per cent in the number of times out of stock, and of 34 per cent in the number of stock reorders.

The fact that the control methods indicated have already proven their practical usefulness, justifies the expectation that they will find extensive applications. Such applications, in the hands of those who can surmount the initial difficulties, should quickly develop a practical procedure for a general and effective "rule-of-thumb" application of the plan.

M. C. RORTY.

What Everybody Wants to Know About Annuities. By G. W. Fitch. Alfred A. Knopf, New York, 1934. 183 pages. \$2.00.

Until quite recently annuities have not been widely held by the American insuring public. Consequently, information concerning them has spread slowly. Mr. Fitch believes that this form of insurance will become more popular from now on be-

cause "today it is no longer certain that property, even in substantial amounts, will guarantee an income when working days are past." He explains annuities in simple understandable language and shows how they may be fitted to individual needs. The annuity dates back to ancient Roman civilization. It is widely owned in England. While this country was passing through the pioneer stages of development, the opportunities (real and imagined) for creating wealth tended to overshadow the slower but surer methods of annuity establishment. Mr. Fitch's book should help to restore the annuity to the popularity it well deserves.

E. R.

The Marketing Institution. By Ralph F. Breyer. McGraw-Hill Book Co., Inc., New York, 1934. 357 pages. \$3.00.

This book utilizes the "market" approach in the study of the marketing institution, starting with the market and pointing out how the marketing institution, as an organization unit, functions within the ever-changing market which envelopes it. The latter part of the book covers the important social aspects of marketing before the New Deal and the effects of the New Deal on marketing.

Getting Results in Selling. By Paul W. Ivey. The Macmillan Company, New York, 1934. 214 pages. \$2.00.

Starting with the premise that all men (or nearly all) are created with equal sales ability the author discusses means of training salesmen and building a sales force from the material in hand. Then, addressing himself to the salesman rather than the manager, Dr. Ivey presents his definite suggestions for "getting results" in twenty-three points, each covered by a chapter. The practical nature of the material presented is indicated by the following subheads, which are selected at random from the text: "How to Beat the Canvasser," "Thinking for the Customer," "Analyzing the Dealers Problems," "Does the Cus-

tomers Want Cheap Merchandise," "Is the Independent Dealer Doomed," "Meeting Competition," "Analyzing Sales Possibilities."

Getting Results in Selling is addressed primarily to salesmen and sales managers of concerns selling through retailers, but it is equally important for any man concerned with marketing problems. Many of the author's suggestions could be applied effectively by advertising or sales promotion managers as well as salesmen or sales managers.

F. D.

Statistical Abstract of the United States, 1933. U. S. Department of Commerce. Government Printing Office, Washington. 786 pages. \$1.25.

The fifty-fifth annual issue of the Statistical Abstract of the United States. This annual volume is a convenient summary of authoritative statistics showing the trends in trade and industry as well as social progress. It represents a digest of data collected by all statistical agencies of the National Government, as well as those of a considerable number of private agencies and several States.

The Coming American Boom. By L. L. B. Angas. Simon and Schuster, Inc., New York, 1934. 35 pages. \$1.50.

This is a reprint of a pamphlet published in London during the latter part of July, 1934. Major Angas is associated with a firm of London stock brokers and makes a specialty of market prognostications.

The booklet is divided into two parts. Part I, entitled "Principles Underlying the American Experiment," is an analysis of the New Deal in which emphasis is placed almost entirely on the monetary aspects of the Roosevelt policies.

Part II, entitled "Stock Market Aspects of Roosevelt's Policy," contains tips to the public to buy common stocks that will rise as a building boom gets under way, to buy common securities in general, to buy

"rubbish" which has been thoroughly deflated, to invest in "highly-g geared equity shares of investment companies," and to patronize the stocks of the luxury industries after "the first general share advance."

It is clear that Major Angas believes John Maynard Keynes' theory of spending our way out of the depression, in fact, he quotes verbatim from Mr. Keynes the essentials of that doctrine.

The United States and Cuba. By Harry F. Guggenheim. The Macmillan Company, New York, 1934. 268 pages. \$2.50.

A review of United States relations with Cuba, briefly tracing the development of this relationship since Spanish colonial times. It is a study of the effects of the Platt Amendment which has governed these relations since 1902, and makes definite recommendations to modify the treaty in which the Amendment is incorporated. Many interesting incidents, which took place under the Machado régime, are brought to light.

Ventilation. By E. L. Joselin. Longmans, Green and Co., New York, 1934. 238 pages. \$5.75.

Written in accordance with British practice and dealing particularly with fans, distribution of air and ventilation, this is designed as a reference book for students, engineers and industry in general.

Chapter headings are as follows: Atmospheric Air; Standards of Ventilation; Natural Ventilation; Mechanical Ventilation; Flow of Air Through Ducts; The Design of Air Ducts; Fans; Fan Testing, Graphs and Calculations; Ventilation Combined with Heating; Air Purification; Air Conditioning; Recent Developments in Ventilation.

The Banking Situation. By H. Parker Willis and John Chapman. Columbia University Press, New York, 1934. 924 pages. \$5.00.

Herein is an account of the currency and monetary legislation of Congress, a

survey of existing banking conditions, and a study of the factors which are tending to transform the banking structure of the United States.

This book embodies the results of the inquiry into commercial and investment banking by the Senate Banking Committee engaged in the preparation of the Banking Act of 1933. Professor Willis was in the strategic position of Economic Counsel to the Committee during that preparation.

The book also contains the fruits of the studies made by a committee of the Federal Reserve System of Branch Group and Chain Banking, and Bank Failures.

The Employment Exchange Service of Great Britain. By T. S. Chegwidden and G. Myrddin-Evans. Industrial Relations Counselors, Inc., New York, 1934. 310 pages. \$3.50.

The first of a series of factual studies dealing with foreign experience with public employment offices. It covers procedure, administration problems, costs and is significant in view of the trend toward social insurance in the United States and the recent establishment of employment offices under the Wagner-Peyser Act.

Prediction of Vocational Success. By Edward L. Thorndike *et al.* The Commonwealth Fund, New York, 1934. 284 pages. \$2.50.

This book reports an effort to learn what happens in later years to children who are given vocational guidance. Professor Thorndike and his assistants obtained in 1922 the school records of 2,225 children then about fourteen years old, gave them psychological and vocational tests, and followed the educational and industrial careers of 1,807 of them to 1932 to determine the value of each fact of school and test records for vocational prediction or guidance.

The findings of the study include determinations of the predictive value of school marks, school progress, years of schooling, attendance, conduct, intelligence, clerical capacity, mechanical skill, fre-

quency of change of employer, height, weight, and family status. They expose important errors in the expectations from vocational advice given to children in early ages. They suggest that employers may fail to get labor of a quality proportionate to wages paid, and that employees may not secure wages in proportion to their ability.

The New Capitalism. By James D. Mooney. The Macmillan Company, New York, 1934. 229 pages. \$3.50.

The "New Capitalism," according to Mr. Mooney, envisages a new and informed *laissez faire*—one that will carry its own insurance against all the evils of the past. It "does not want Governmental direction of industry, for, admitting all its past mistakes and blunders, it believes that it knows, better than Government, how to plan, how to produce, how to distribute, how to perform every industrial function. It welcomes, however, the protection of Government—for itself and for every man, woman and child, not the kind of protection that consists in the bestowal of special favors, but the kind that forbids the unjust and destructive things that none of us should do. But when it comes to the constructive things, the things that only industry can do, it asks only one boon of Government—that it leave us as free as we have been in the past to work out our own destiny."

Excellent photographs and ingenious diagrams explain our economic system in terms of hydraulics.

The Two Americas. By Stephen Dugan. Charles Scribner's Sons, New York, 1934. 277 pages. \$1.75.

This interpretation of the two continents known as the Americas attempts first to contrast the two regions from the standpoint of their geographical and historical backgrounds and the resultant political and social institutions. It then considers the relations between the United States and the Latin-American countries, the prob-

lems that have arisen, and the solutions that have been attempted. While the book does not neglect the importance of our business relations with Latin America, it is not written primarily from that viewpoint. It seeks, on the whole, to give the average American a more accurate conception of the ideas, ideals, and conditions of the nations of the South. It similarly strives to correct a misconception that exists among the Latin American peoples concerning the United States. A final chapter is devoted to a consideration of methods of improving relations between the two continents.

Security Speculation: Its Economic Effects. By John T. Flynn. Harcourt, Brace and Company, New York, 1934. 332 pages. \$3.00.

An analysis of the mixed results which flow from security speculation to our whole economic society—to business, to industry, to banks, to workers, to credit, to money, and to the one hundred million people in the country who never speculate. Mr. Flynn examines the histories of numerous stocks and bonds and the corporations which issue them; he describes the part played by bankers, investment bankers and brokers, corporation laws, newspapers, and the Stock Exchange; he uses numerous facts recently brought to light that reveal the inner workings of the speculation system. He concludes that "speculation is a destructive force in our economic society," and that, while a market for legitimate stock and bond issues must be maintained, "the machinery of security speculation must be dismantled in the interest of a stable society."

The Technique of the Interview. The Insurance Research and Review Service, Indianapolis, 1934. Set, \$4.50.

A series of twelve booklets outlining a scientific method of selling life insurance. The topics considered separately are: 1. A Study of Calls and Interviews; 2. An Analysis of the Mind of the Prospect;

3. Approaches That Sell Interviews; 4. The First Five-Minutes Formula; 5. The Use of Interrupting Ideas; 6. Fixing the Problem; 7. Selling the Plan; 8. When the Prospect Objects; 9. Specific Answers to Objections; 10. Motivation in the Interview; 11. An Analysis of Closing Methods; and 12. Building the Sales Track.

Immigration and Assimilation. By Hannibal Gerald Duncan. D. C. Heath and Company, New York, 1933. 890 pages. \$3.80.

This book is in two parts, dealing respectively with the backgrounds of immigrants to the United States and with the actual experiences of Americans of the first, second and third generations. The first part consists of a series of short surveys of the countries from which immigrants come—the whole world outside the United States.

Part II gives an account of the difficulties inherent in the assimilation process, based on eighty-three life histories of immigrants and descendants of immigrants. It describes the reactions of the immigrants themselves to the American scene, the conflicts between parents and their children, and the attitude of grandchildren to the countries and cultural backgrounds of their grandparents.

Testing Advertisements. By L. E. Firth. McGraw-Hill Book Company, Inc., New York, 1934. 282 pages. \$2.50.

This study was first made for the information and guidance of the staff of McCann-Erickson, Inc. The greater part of the book is cast in dialogue form. The author as "questioner" conducts a symposium of writers on copy testing, quoting from their papers, articles and books. Such writers as Goode, Rheinstrom, Groesbeck, Gundlach, Link, Starch, Caples and Olsen are drawn into the discussion. The present state of copy testing is clearly and interestingly presented.

Summing up, Mr. Firth writes: "Up to date it is clear that much of the evidence

both for and against testing has been based on single cases or very thin series of cases. The present need is for more interest in the subject on the part of those active in the advertising field—advertisers themselves, advertising managers, creative plan men, art directors, copy writers and agency executives. Much pertinent evidence may repose in private files which would enlarge the common knowledge to the great benefit of all."

Human Relations in Changing Industry.

By Harry Walker Hepner. Prentice-Hall, Inc., New York, 1934. 671 pages. \$5.00.

Mr. Hepner states that his book "is offered for the use of that large group who wish to know how relations with employees and industry can be conducted in a more intelligent manner—a manner that may well be designated as *industrial artistry*."

A balanced perspective on human relations problems requires apprehension of bases for thinking and acting the sources of which are found in many different fields. Acquiring the fundamentals of the new industrial artistry involves practical experience and some knowledge of labor problems, personnel management, industrial psychology and applied psychology. The author has not, however, treated his subject matter as part of a specified field of study but has "made excursions into many fields" in order to bring to his text just the material needed at each point.

The introduction gives the premises chosen, significant among which is the viewpoint that artistry in industrial relations should be sought for all executives rather than considered the function of the personnel department.

Part One is a development of the theme "the individual participates in life through adjustments." It gives basic psychological principles, showing the effect of previous associations, conditioning through emotional experiences, preferences established by repeated experiences and tendencies resulting from the adjustment process. The

concept of adjustment is clarified by a table giving in outline form examples of barriers to which the individual adjusts in the field of his own capacity and in the field of conditions arising from a change of activities; and a similar table outlining examples of adjustment activities of the individual through direct attack, through substitution, through evasion and through retreat.

Part Two shows the adjustments of the individual taking place in a changing world with its historical changes in the status of the worker and the maladjustments inevitable in such changes. Different possibilities for coordinating changes, such as economic planning, are discussed, and the philosophy developed that the principle of integration is displacing the conflict attitude.

Part Three develops the thesis that intelligent management enables the individual to become a worthy participant in life activities. It discusses techniques for the executive and methods for the trained personnel man. Various familiar personnel topics such as benefit associations, suggestion systems and industrial education are discussed from the viewpoint of the thesis as stated.

Part Four is a collection of typical problems for managing minds, giving either data or references to data, for their discussion.

The book contains a wealth not only of factual data but of illustrative material. The outline as given above shows the logical way in which the author has developed his material from his psychological premises, but gives no hint of the rich mine of practical case material and pertinent illustration effectively woven throughout the discussion. It is a difficult book to review because at whatever point the reviewer looks into the text he falls to reading and forgets his original purpose.

The collection of problems in Part Four should be of great use either for teachers or for discussion leaders of foreman conferences, staff discussion groups and the like.

L. P.